

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – AUGUST 27, 2003**

**PRESENT:** Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; Michael Goclawski, Law Warehouse

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending August 24, 2003 indicates retail sales were up 7.16%, on-premise sales were up 6.9%, off-premise sales were up 18.6%, and total aggregate sales were up almost 8.85%. The traffic count increased by 7,728, while the average sales ticket was up by \$.58.

The W-1 Total Weekly Sales report for the same week confirms total sales were up 8.85% or \$649,463, and were also up for the year by 9.18% or \$5,321,698. Wine sales increased 7.55% or \$236,895 for the week, and increased 9.35% or \$2,323,493 for the year. Sales of spirits were up approximately 9.8% or \$412,568, as they were year-to-date by about 9% or \$2,998,204.

##### **B. Budget Reports:**

There was nothing of significance to report regarding the latest outstanding depletions and post-offs report, except to say that there is one broker with some outstanding service changes due.

There was also nothing to report this week regarding gift card sales.

Two workmen's compensation reports were added to the weekly statistical report file last week, and will be available on a monthly basis. One will include specific details on each individual and their worker's compensation status, while the other will show a compilation of the last three fiscal years and will indicate trends by month.

In reviewing the current W-6 Expense Budget Activity Variance Report, George noted that the first quarter now 62.47% completed, with total agency expenditures at around 59.4%. One area which will be monitored is Class 50, which is a little above where it should be. With another month to get through, it is possible that more than this quarter's allocation will be spent.

**NEW HAMPSHIRE STATE LIQUOR COMMISSION  
MINUTES OF MEETING – AUGUST 27, 2003**

**Page Two**

C. Administrative:

As of yesterday, everything should be fine relative to getting reclassification requests back on the September 3<sup>rd</sup> Governor and Council agenda.

Copies of LSR 1218 have been received; budget bills are scheduled to be voted on next week.

Craig asked for verbal approval on \$2 million needed to build the new Nashua store. Commissioner Byrne requested a breakdown of these costs. John Bunnell, Chairman Maiola and Tom Smith met with the Governor's staff yesterday, at which time the plan the Department of Transportation submitted to the Commission was reviewed. Commissioner Byrne suggested no response, feeling that everything is too preliminary with the Nashua and Keene projects at this time.

A meeting has been scheduled with Paymentech tomorrow at 9:30 a.m. Preparations will be made to meet the brokers' requests for a program regarding gift cards. A final price will be required from ACR on any changes need to accomplish this. The brokers would need to help finance any necessary modifications. Commissioner Byrne asked for a report on this subject, to be voted on at next week's meeting.

The Commission has been provided a memo from Brian Law regarding a change in rate request. Craig said he is ready to discuss this when the Commission is.

The circuit breaker on the roof failed, which caused the air conditioning system to stop functioning. Craig hopes that a new one will be installed this morning to alleviate the problem.

2. IT Report

The new Payroll attendance and leave system is up and running. So far there have only been a few minor problems. We are trying to get a quote from ACR for costs involved in connecting the two pieces of software.

Regarding the use of in-house credit, it was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the accept credit charges from any available cards. The motion was unanimously adopted. Howard will come back with a further report concerning what companies were used.

**II. MARKETING & SALES REPORTS**

1. Store Operations

Total sales for the week ending August 24, 2003 were up 7.12% or \$425,974.00 over the same week last year. Peter noted that Store #76 Hampton has grossed \$1/2 million over the variance.

**NEW HAMPSHIRE STATE LIQUOR COMMISSION**  
**MINUTES OF MEETING – AUGUST 27, 2003**

**Page Three**

Everything seems to be all right staff wise as far as store coverage for the upcoming Labor Day holiday.

2. Purchasing Report

The Purchasing department is still working on alleviating out-of-stock situations. Finlandia is now back in stock. Purchasing is awaiting an answer from Horizon Beverage Company regarding the outage on Grey Goose, 750ML. Everything else seems to be in good shape going into the Labor Day weekend.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (3 Danzka Vodkas):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve test market requests from United Beverages, Inc./Future Brands LLC for Danzka 80 Proof Vodka, 750ML size (assigned four-digit Code #3703), Danzka Citrus Vodka, 750ML size (assigned four-digit Code #3705) and Danzka Grapefruit Vodka, 750ML size (assigned four-digit Code #3707), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a test market request from Martignetti Companies of N.H./McCormick Distillers for Wiser's Premium Canadian Whisky, 750ML size (assigned four-digit Code #2171), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a test market request from Martignetti Companies of N.H./William Grant & Sons for Just Desserts Thin Mint Cream Liqueur, 750ML size (assigned three-digit Code #938), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Line Extension Request (Tequila Rose Cream Liqueur):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./

McCormick Distilling Co. for a line extension on Tequila Rose Cream Liqueur, 1.75L size (assigned four-digit Code #5041), as this brand in the 750ML size has exceeded the gross profit required for an additional size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Special Offer (3 items – United Beverages, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions (without matching state funds) of three (3) spirit items, to be featured on sale through the end of October 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Revised Egg Nog Offer:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny an offer from United Beverages, Inc. for the Commission to purchase 100 cases of Pennsylvania Dutch Egg Nog, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was passed on a two to one vote, with Commissioner Maiola opposed.

5) October, November & December Programming Request for Baileys, Crown Royal and Romana Sambuca:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America, to accept special offers (with matching State funds) on the Bailey's, Crown Royal and Sambuca Romana families of products, to be featured on sale periodically during the months of October, November and December 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Recommended Close Out Wines for Distribution to Close Out Stores:

Nicole explained that an area of approximately 900 square feet has been designated at Store #69 Nashua for close-out wines. There will be four other stores which will also feature designated areas; although somewhat smaller, all stores will feature an outstanding assortment. All stores are scheduled to open on September 25<sup>th</sup>, and

selected customers will be invited to a preview. It will probably be mid-September before point-of-sale and signage materials are ready. Chairman Byrne said that all signage should come before the Commission for approval. Howard suggested obtaining further information for the Commission as to whether or not licensees purchasing these items receive a discount. It was moved by Commissioner Byrne, seconded by Commissioner Russell, that this item be tabled pending receipt of further information and minor distribution changes. The motion was unanimously adopted.

- 2) Recommended Allocated & Restricted Wines for Distribution to Selected Stores (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve one (1) allocated and restricted wine code for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Primary Source Submissions (11 items – exclusive agent; 91 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of eleven (11) wine codes which are not from primary source, but are offered by the exclusive marketing agent and ninety-one (91) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORTS – None.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated August 22 through August 27, 2003. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed coupon (pad, necker and consumer offer) requests for the month of September 2003. The motion was unanimously adopted.

3. Late Items: None.

**NEW HAMPSHIRE STATE LIQUOR COMMISSION  
MINUTES OF MEETING – AUGUST 27, 2003**

**Page Six**

---

Anthony C. Maiola, Chairman

---

John W. Byrne, Commissioner

---

Patricia T. Russell, Commissioner

/D. Hartford

